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SIPDIS

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E.O. 12958: N/A

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SUBJECT: COSTA RICA SAYS IT HAS SURPLUS SUGAR

REF: STATE 014374

1. On February 6, 2006, in response to reftel request for information, AgAtt received from Vice Minister of Foreign Trade Doris Osterlof the following letter regarding Costa Rica's plans to fill its allocation of the U.S. sugar TRQ, and the country's supply situation.

2. Beging text of letter:

February 6th, 2006

Dear Ms. Nishiura:

In response to your letter of January 31, I would like to inform you that according to information provided by the Costa Rican Sugar League (LAICA), the country will fulfill the allocated WTO quota for the 2005-2006 crop and it will have real possibilities of supplying the U.S. market, under a possible increase of the TRQ as well as under the re-export market.

The information provided by LAICA is the following:

Up to this date the country has exported approximately 22,500 MT to the United States in the vessel Synphony, which left Costa Rica on January 19th, 2006. This ship is going to the port of Baltimore.

Of these 22,500 MT, 16,242 MT will be entered against the TRQ and the difference will be directed to the re-export market.

At this time our country is harvesting the sugar crop, a process that will end approximately in June of this year.

Costa Rica still has approximately 110,000 MT (of sugar) for export, of which 53,549 MT can be shipped to the United States, including 11,000 MT of the CAFTA quota and the rest of the tonnage (4,586 MT) to complete the TRQ.

The above means that, after fulfilling the WTO TRQ and the CAFTA TRQ, there is still a remainder of 37,963 MT, which may be allocated to the Unites States market, either under a TRQ or the re-export market.

To summarize, I would like to point out that Costa Rica is capable of supplying the additional quantities of sugar that the U.S. market demands, both crude as well as refined sugar.

Also, as a request from LAICA, we ask you formally that in case there is an increase to the U.S. quota, that the country be authorized to ship an additional percentage in compensation for having being excluded from the increase to the TRQ allocated at the end of 2004-2005. In that case, the sugar sector was not able to export approximately 4,000 MT.

We also want to inform you that LAICA has approximately 4,000 MT of refined sugar, which in case there is a quota assigned to that product, may be used for exporting to the U.S. market under that quota.

Closing remarks follow.

Original signed by Doris Osterlof Obregon, Vice-Minister of Foreign Trade, Costa Rica

End text of letter.

LANGDALE